HALF-YEARLY FINANCIAL REPORT

AS OF 30 JUNE 2019

Roularta Media Group

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1. INTERIM REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

This interim financial report should be read in conjunction with the consolidated balance sheet and income statement of NV Roularta Media Group, and the related selected notes (see item 6 hereafter). This interim report is drawn up in accordance with the Royal Decree of 14 November 2007 concerning the obligations of the issuers of financial instruments.

RESULTS FOR FIRST HALF OF 2019

Roularta realises a strong increase in sales and EBITDA.

The Group's revenue has risen to € 147.9 million (+17.8% on last year) and the EBITDA has increased to € 10.7 million compared to € -5.3 million last year.

The brands acquired last year for female target groups, including Libelle, Femmes d'Aujourd'hui, Flair, Feeling and GAEL, have proved to be valuable contributions to Roularta Media Group's already strong brand portfolio. This collective portfolio boasts powerful synergies that are clearly visible in the figures for the first half of the year. Integration required intense work but proved to be successful thanks to concerted efforts by all our staff.

The joint ventures including brands such as De Tijd, L'Echo, Plus Magazine etc. have also done well and made a positive contribution once again. The net result of these joint ventures has risen by € 5.0 million to € 1.1 million. In 2018 there was an exceptional impairment of € 4.7 million.

Aside from the acquisitions, revenue fell by € 7.8 million or 6.3%. This decrease was experienced mainly in advertising revenue, across all brands. If the acquisitions are included, advertising revenue has maintained its status quo and the readership market has grown substantially.

An increasing gross margin percentage (78.8% in June 2019 compared to 77.8% in June 2018) and the lower costs in percent on revenue for services and other goods as well as staff (-5% on last year) have ensured a rising EBITDA in absolute terms and percentage of revenue.

IFRS 16 has been applied for the first time. This reveals an increase in assets and debts amounting to € 5.3 million. In the income statement, the impact of IFRS 16 on the net results is zero, although there is a shift of € 0.6 million from leasing costs to depreciations, which has resulted in a positive impact on EBITDA.

The EBIT is € 3.9 million or 2.6% of revenue, which is almost identical to the net result of € 3.8 million because there is hardly any income tax or interest to be paid. Excluding minority interests, the net result for the RMG shareholders is € 4.1 million, or € 0.33 per share.

1. FINANCIAL KEY FIGURES FOR THE FIRST HALF OF 2019

1.1 Consolidated key figures

in thousands of euros	30/06/19	30/06/18	Trend (%)
INCOME STATEMENT			
Sales	**147,949**	**125,558**	**+17.8%**
Adjusted sales (1)	*116,722*	*124,543*	*-6.3%*
EBITDA (2)	**10,713**	**-5,259**	**+303.7%**
EBITDA - margin	*7.2%*	*-4.2%*	
EBIT (3)	**3,899**	**-73,134**	**+105.3%**
EBIT - margin	*2.6%*	*-58.2%*	
Net finance costs	-36	-3,150	-98.9%
Operating result after net finance costs	**3,863**	**-76,284**	**+105.1%**
Income taxes	-70	-168	-58.3%
Net result from continuing operations	**3,793**	**-76,452**	**+105.0%**
Net result from discontinued operations	**0**	**151,117**	**-100.0%**
Net result	**3,793**	**74,665**	**-94.9%**
Net result attributable to minority interests	-342	-890	+61.5%
Net result attributable to equity holders of RMG	**4,136**	**75,555**	**-94.5%**
Net result attributable to equity holders of RMG - margin	*2.8%*	*60.2%*	
Number of employees at closing date (4)	1,248	1,246	+0.2%

(1) Adjusted sales = sales on a like-on-like basis with 2018, i.e. excluding changes in the consolidation scope.
(2) EBITDA = EBIT + depreciations, write-downs and provisions.
(3) EBIT = operating result, including the share in the result of associated companies and joint ventures.
(4) Joint ventures (Mediafin, Bayard etc.) not included and for 2019 including the employees of the Women Brands.

The **consolidated revenue** for the first half of 2019 has experienced an increase of 17.8%, from € 125.6 million to € 147.9 million. This increase can be attributed to the Women Brands such as Libelle, Femmes d'Aujourd'hui, Flair, Feeling/GAEL, etc. that have belonged to Roularta's portfolio since the middle of last year. Thanks to the acquisition, we have noted an increase in subscription recruitment (+32.6%) and newsstand sales (+198.4%), and a status quo in advertising revenue.

In the adjusted sales, the readership market is declining slightly (-4.6%), based on relatively stable subscriptions and a decrease in newsstand sales. In the advertising revenue for the adjusted sales, we do however see a decrease of 11.7%. This decline can be observed for all products. Printing for third parties has increased by 4.3%.

The **EBITDA** rose from € -5.3 million to € +10.7 million or an EBITDA percentage of 7.2%. This turnaround is both the result of an increased EBITDA in the fully consolidated entities (€ +11.0 million) and the associated companies and joint ventures (€ +5.0 million). Last year there was an impairment loss on this line for the joint ventures, which has not happened in 2019.

The **EBIT** has evolved from € -73.1 million to € 3.9 million. Last year, the EBIT included an exceptional write-down of € 63.2 million on brands with an unlimited lifetime.

The **net finance costs**, which were still € 3.1 million in the first half of 2018, are almost zero in 2019 due to the repayment of loans (including the bond loan) in the second half of 2018.

No extra deferred tax assets were set up in the results for June 2019.

The total of the discontinued and continuing operations ensured a **net result** of € +3.8 million as opposed to € +74.7 million last year. The net result in 2018 included the capital gain on the sale of the share in Medialaan (€ 150.3 million).

Consolidated key figures per share	in euros	30/06/19	30/06/18	Trend (%)
EBITDA		0.85	-0.42	302.4%
EBIT		0.31	-5.83	105.3%
Net result attributable to equity holders of RMG		0.33	6.02	-94.5%
Net result attributable to equity holders of RMG after dilution		0.33	5.99	-94.5%
Weighted average number of shares		12,544,690	12,540,584	0.0%
Weighted average number of shares after dilution		12,600,426	12,617,393	-0.1%

2. DISCUSSION OF THE SEGMENT RESULTS

2.1 Media Brands

in thousands of euros	30/06/19	30/06/18	Trend	Trend (%)
INCOME STATEMENT				
Sales	**129,185**	**108,170**	**21,014**	**19.4%**
Adjusted sales [1]	*97,958*	*107,155*	*-9,198*	*-8.6%*
Gross margin	**97,602**	**78,231**	**19,371**	**24.8%**
Gross margin on sales	*75.6%*	*72.3%*		

(1) Adjusted sales = sales on a like-on-like basis with 2018, i.e. excluding changes in the consolidation scope.

The Media Brands segment refers to all brands that are managed by RMG and its subsidiaries.

Sales by the Media Brands division increased by 19.4% or € 21.0 million, from € 108.2 million to € 129.2 million.

Advertising
Sales of the free newspapers of the department Roularta Local Media decrease by 12.8% compared with the first half of 2018. Advertising revenues from newspapers fell by 7.0%. Sales from advertising in magazines increased by 25.8% in the first half of 2019, mainly due to the acquisition of the Women Brands.

Advertising revenue from the various internet sites rose by 2.9% thanks to the acquisition of the Women Brands.

Readership market
Revenue from the readership market (newsstand sales and subscriptions) increased by 59.3% compared to the first half of 2018.

Miscellaneous
Adjusted miscellaneous sales remain approximately the same compared to the first half of 2018, and slightly decreased by 0.6%.

The **gross margin** in percent of revenue rose from 72.3% to 75.6%. In absolute value, the gross margin increased by € 19.4 million to € 97.6 million.

2.2 Printing Services

in thousands of euros	30/06/19	30/06/18	Trend	Trend (%)
INCOME STATEMENT				
Sales	**40,011**	**38,196**	**1,816**	**4.8%**
Adjusted sales [1]	*40,011*	*38,196*	*1,816*	*4.8%*
Gross margin	**20,103**	**20,865**	**-762**	**-3.7%**
Gross margin on sales	*50.2%*	*54.6%*		

(1) Adjusted sales = sales on a like-on-like basis with 2018, i.e. excluding changes in the consolidation scope.

The 'Printing Services' segment refers to pre-press and print shop activities for internal brands and external customers.

Revenue from the Printing Services segment increased by € 1.8 million or 4.8%, from € 38.2 million to € 40.0 million.

€ 0.6 million of the € 1.8 million increase is due to internal printing and € 1.2 million to external printing.

In absolute value, the gross margin decreased by € 0.8 million to € 20.1 million. The gross margin decreased in percentage of revenue from 54.6% to 50.2%, mainly due to the charging of lower standard cost prices for internal work.

3. CONSOLIDATED BALANCE SHEET

Balance sheet	in thousands of euros	30/06/19	31/12/18	Trend (%)
Non-current assets		181,268	184,108	-1.5%
Current assets		169,160	171,000	-1.1%
Balance sheet total		350,428	355,108	-1.3%
Equity - Group's share		220,486	222,561	-0.9%
Equity - minority interests		757	1,100	-31.2%
Liabilities		129,184	131,447	-1.7%
Liquidity [5]		1.5	1.5	+0.0%
Solvency [6]		63.1%	63.0%	+0.2%
Net financial debt		-85,341	-95,658	+10.8%
Gearing [7]		-38.6%	-42.8%	+9.8%

(5) Liquidity = current assets / current liabilities.
(6) Solvency = equity (Group's share + minority interests) / balance sheet total.
(7) Gearing = net financial debt / equity (Group's share + minority interests).

Equity – Group's share at 30 June 2019 was € 220.5 million compared with € 222.6 million at 31 December 2018. The change on equity consists mainly by the profit for the first half of 2019 (€ 4.1 million) minus the dividend paid on the 2018 result (€ 6.3 million). The interim dividend on the 2018 result (€ 62.6 million) was paid in the second half of 2018.

On 30 June 2019, the **consolidated net financial cash position**(1) was € 85.3 million as opposed to € 95.7 million in December 2018, representing a decrease of € 10.3 million, mainly resulting – besides the cash generated from operational activities (€ 11.7 million) and the payment of the dividend (see above) – from the payment of the final tranche to Sanoma for the acquisition of the 'Women Brands' in 2018 (€ 7.9 million). Furthermore, the € 85.3 million also reflect the impact of the new IFRS standard with regard to leasing (IFRS 16) (€ 4.6 million).

4. CAPITAL EXPENDITURE

Total capital expenditure in the first half of 2019 amounted to € 2.8 million (2018: € 36.3 million): € 1.4 million in software (2018: € 1.2 million) and € 1.4 million in tangible fixed assets (mainly machinery and equipment) (2018: € 1.8 million). In the first half of 2019, no new brands were acquired (2018: € 33.3 million).

5. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2019 AND THEREAFTER

- Closure of liquidation of Tvoj Magazin on 22/03/2019.
- Liquidation of Vogue Trading Video NV on 26/03/2019.
- A small magazine, 'Leben & Erziehen', was sold by our joint venture Bayard Media GmbH on 01/04/2019. This has had a negligible impact on the consolidated figures.
- The general meeting of 21/05/2019 ratified the co-opting and appointment of Mr Carel Bikkers and Professor Caroline Pauwels as independent directors.
- The general meeting of 21/05/2019 approved the 2019 share option plan for selected members of staff.
- Merger of Bright Communications with RMG on 01/07/2019.

6. PROSPECTS

The integration of a series of strong brands including Libelle/Femmes d'Aujourd'hui, Flair and Feeling/GAEL has gone well. We expect a similar positive contribution from these brands in the second half as in the first half of the year, except for advertising income.

The almost non-existent leasing and interest costs in the second half will correspond to those in the first half of the year, i.e. far lower than last year.

The magazine presses are rolling at full speed. We expect that this will be sustained in the second half of the year.

The readership market is relatively stable thanks to the subscriptions.

On the other hand, advertising revenue is still highly volatile. There are major fluctuations from month to month, providing insufficient visibility for a forecast for the second half of the year. The advertising portfolio for the third quarter of 2019 is showing an evolution in revenue in line with the first half of the year.

(1) Net financial cash = current cash less financial debts.

2A. CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)

in thousands of euros	30/06/19	30/06/18
Sales	147,949	125,558
Own construction capitalised	1,113	825
Raw materials, consumables and goods for resale	-32,538	-28,697
Services and other goods	-56,489	-49,645
Personnel	-49,975	-47,393
Other operating result	-474	-2,043
Other operating income	*1,669*	*2,150*
Other operating expenses	*-2,144*	*-4,193*
Share in the result of associated companies and joint ventures	1,127	-3,864
EBITDA	**10,713**	**-5,259**
Depreciation, write-down and provisions	-6,814	-67,875
Depreciation and write-down of intangible and tangible assets	*-6,480*	*-5,546*
Write-down of inventories and debtors	*-10*	*532*
Provisions	*-323*	*343*
Impairment losses		*-63,204*
Operating result - EBIT	**3,899**	**-73,134**
Financial income	81	175
Financial expenses	-116	-3,325
Operating result after net finance costs	**3,863**	**-76,284**
Income taxes	-70	-168
Net result from continuing operations	**3,793**	**-76,452**
Net result from discontinued operations		**151,117**
Net result of the consolidated companies	**3,793**	**74,665**
Attributable to:		
Minority interests	-342	-890
Equity holders of Roularta Media Group	**4,136**	**75,555**
Earnings per share — **in euros**		
Net result attributable to equity holders of RMG	0.33	6.02
Net result attributable to equity holders of RMG after dilution	0.33	5.99

2B. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

in thousands of euros	30/06/19	30/06/18
Net result of the consolidated companies	**3,793**	**74,665**
Other comprehensive income of the period		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences		-52
Cash flow hedges		48
Other comprehensive income of the period		**-4**
Total comprehensive income of the period	**3,793**	**74,661**
Attributable to:		
Minority interests	-342	-890
Equity holders of Roularta Media Group	**4,136**	**75,551**

3. CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

ASSETS	in thousands of euros	30/06/19	31/12/18
Non-current assets		**181,268**	**184,108**
Intangible assets		56,041	57,796
Property, plant and equipment		57,393	54,078
Investments accounted for using the equity method		59,437	63,686
Other investments, loans, guarantees		2,494	2,526
Trade and other receivables		100	219
Deferred tax assets		5,803	5,803
Current assets		**169,160**	**171,000**
Inventories		6,335	6,348
Trade and other receivables		63,001	65,756
Tax receivable		790	483
Cash and cash equivalents		90,270	95,956
Deferred charges and accrued income		8,765	2,457
Total assets		**350,428**	**355,108**

LIABILITIES in thousands of euros	30/06/19	31/12/18
Equity	**221,244**	**223,661**
Group's equity	220,486	222,561
Issued capital	*80,000*	*80,000*
Treasury shares	*-23,664*	*-23,705*
Retained earnings	*159,954*	*162,134*
Other reserves	*4,197*	*4,175*
Translation differences		*-43*
Minority interests	757	1,100
Non-current liabilities	**19,016**	**15,211**
Provisions	8,404	8,083
Employee benefits	5,933	5,778
Deferred tax liabilities	1,086	1,063
Financial debts	3,306	
Other payables	287	287
Current liabilities	**110,169**	**116,236**
Financial debts	1,623	298
Trade payables	41,987	52,790
Advances received	24,184	25,175
Employee benefits	18,118	16,025
Taxes	950	259
Other payables	12,292	14,814
Accrued charges and deferred income	11,014	6,875
Total liabilities	**350,428**	**355,108**

4. CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)

Cash flow relating to operating activities	in thousands of euros	30/06/19	30/06/18
Net result of the consolidated companies		3,793	74,665
Share in the results of associated companies and joint ventures		-1,127	3,079
Dividends received from associated companies and joint ventures		5,530	5,550
Income tax expense / income		70	175
Interest expenses		116	3,326
Interest income (-)		-81	-175
Losses / gains on disposal of intangible assets and property, plant and equipment		-17	-787
Losses / gains on disposal of business			-150,672
Non-cash items		6,835	68,639
Depreciation of (in)tangible assets		*6,480*	*5,718*
Impairment losses			*63,204*
Share-based payment expense		*21*	*51*
Increase / decrease in provisions		*323*	*198*
Other non-cash items		*10*	*-532*
Gross cash flow relating to operating activities		**15,119**	**3,800**
Changes in trade receivables		2,336	3,840
Changes in inventories		24	-71
Changes in trade payables		-2,935	-3,364
Other changes in net working capital (a)		-2,500	461
Increase / decrease in working capital		**-3,075**	**866**
Income taxes paid		-355	-246
Interest paid		-116	-767
Interest received		82	175
NET CASH FLOW RELATING TO OPERATING ACTIVITIES (A)		**11,656**	**3,828**

(a) Increases and decreases in current other receivables, tax receivable, deferred charges and accrued income, provisions, employee benefits, other payables, advances received, tax payable and accrued charges and deferred income.

Cash flow relating to financing activities	30/06/19	30/06/18
Intangible assets - acquisitions	-1,390	-1,273
Tangible assets - acquisitions	-1,388	-1,697
Intangible assets - other movements	0	987
Tangible assets - other movements	21	103
Net cash flow relating to acquisition of subsidiaries and sector acquisitions	-7,868	-66,031
Net cash flow relating to disposal of subsidiaries and sector acquisitions		294,635
Net cash flow relating to loans to investments accounted for using the equity method		-37
Other investments, loans, guarantees - acquisitions		-422
Other investments, loans, guarantees - other movements	32	11
NET CASH FLOW RELATING TO INVESTING ACTIVITIES (B)	**-10,593**	**226,276**
Cash flow relating to financing activities		
Dividends paid	-6,273	
Treasury shares	41	82
Other changes in equity	0	1,694
Proceeds from current financial debts	64	
Redemption of current financial debts	0	-627
Redemption of non-current financial debts		-462
Repayment of lease liabilities	-700	
Decrease in non-current receivables	119	
Increase in non-current receivables		-191
NET CASH FLOW RELATING TO FINANCING ACTIVITIES (C)	**-6,749**	**496**
TOTAL DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**-5,686**	**230,600**
Cash and cash equivalents, beginning balance	95,956	42,984
Cash and cash equivalents, ending balance	90,270	273,584
Net decrease / increase in cash and cash equivalents	**-5,686**	**230,600**

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

in thousands of euros	Issued capital	Treasury shares	Retained earnings	Other reserves	Translation differences	Minority interests	Total equity
Balance as of 01/01/2019	**80,000**	**-23,705**	**162,134**	**4,175**	**-43**	**1,100**	**223,661**
Total comprehensive income for the period			4,092		43	-342	3,793
Operations with own shares		41					41
Dividends			-6,273				-6,273
Recognition of share-based payments				21			21
Balance as of 30/06/2019	**80,000**	**-23,664**	**159,954**	**4,197**	**0**	**757**	**221,244**

in thousands of euros	Issued capital	Treasury shares	Retained earnings	Other reserves	Translation differences	Minority interests	Total equity
Balance as of 01/01/2018	**80,000**	**-23,787**	**145,549**	**1,228**	**9**	**1,906**	**204,905**
Total comprehensive income for the period			75,555	48	-52	-890	74,661
Operations with own shares		82					82
Recognition of share-based payments				51			51
Dividend paid to minority interests						-4	-4
Capital increase through minority interests						1,750	1,750
Other changes in the Group structure			-643	643			0
Balance as of 30/06/2018	**80,000**	**-23,705**	**220,461**	**1,970**	**-43**	**2,762**	**281,445**

6. SELECTED NOTES TO THE HALF-YEARLY FINANCIAL REPORT

6.1 PRINCIPLES OF THE INTERIM FINANCIAL REPORTING

The summary unaudited interim financial statements have been drawn up in conformity with IAS 34 Interim Financial Reporting as approved by the EU. The interim financial statements were approved by the members of the board of directors on 13 August 2019.

6.2 VALUATION RULES

In preparing the interim financial statements, the same IFRS principles for inclusion and valuation have been applied as for the consolidated annual financial statements of 31 December 2018, with the exception of the changes due to IFRS 16 *Leasing Agreements* coming into force. For the new IFRS and improved IAS standards that came into effect on 1 January 2019, the reader is referred to Note 1 in the 2018 Annual Report. Other new standards and interpretations applicable to the financial year beginning on 1 January 2019 (besides IFRS 16 *Leasing Agreements*) had no impact on our condensed consolidated interim financial figures. The Group has not applied a standard, interpretation or amendment that has been published but is not yet applicable.

IFRS 16 *Leases*

This note explains the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements.

The Group has adopted the simplified transitional approach permitted under IFRS 16, so comparatives have not been restated for the 2018 reporting period. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019.

(a) The Group's leasing activities
The Group leases various offices, vehicles and some machines. Rental contracts are typically made for fixed periods of 3 to 9 years, possibly with extension options; two have a lease term of more than 20 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(b) Classification and measurement
Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases under the principles of IAS 17 *Leases*. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the lessee's incremental borrowing rate as the interest rate implicit in the lease could not be determined. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.2%.

The reconciliation between IAS 17 and IFRS 16 is as follows for the position on 1 January 2019:

in thousands of euros	01/01/19
Non-cancellable operating lease commitments disclosed as at 31 December 2018	5,807
Discounted using the Group's incremental borrowing rate	4,706
Lease liability recognised as at 1 January 2019	**4,706**
Of which are:	
Current lease liabilities	1,411
Non-current lease liabilities	3,295

All right-of-use assets were measured at the amount equal to the lease liability. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to the following types of assets:

in thousands of euros	30/06/19	01/01/19
Buildings	2,027	2,199
Vehicles	2,386	2,348
Other	142	159
Total right-of-use assets	**4,554**	**4,706**
Total lease liabilities	**4,567**	**4,706**

Cash flows relating to leases are presented as follows:

- cash payments for the principal portion of the lease liabilities as cash flows from financing activities
- cash payments for the interest portion consistent with presentation of interest payments chosen by the Group, and
- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

(c) Impact on segment information and earnings per share
The Group keeps its definition of EBITDA and net debt which both increased as a result of the adoption of IFRS 16. The segment assets and segment liabilities also increased for June 2019.
Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities.

In below table, impact of the change in policy per segment is shown on 30 June 2019.

in thousands of euros	EBITDA	Segment assets	Segment liabilities
Media Brands		4,361	4,372
Printing Services		193	195
Total	**640**	**4,554**	**4,567**

The adoption of IFRS 16 did not have a material impact on the earnings per share for the six months period ending 30 June 2019.

(d) Practical expedients applied
In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

6.3 SEGMENT REPORTING

In accordance with IFRS 8 *Operating Segments*, the management approach is applied for the financial reporting of segmented information. This standard requires the segmented information to be reported to follow the internal reporting used by the company's main operating decision-making officer, based on which the internal performance of Roularta's operating segments is assessed and resources allocated to the various segments.

As a result of the sale of Medialaan last year, Roularta Media Group, its subsidiaries and joint ventures ('RMG' or 'the Group'), report the annual and half-yearly results under two new segments. 'Media Brands' segment refers to all brands that are marketed by RMG and its subsidiaries. It includes all sales of advertising, subscriptions, newsstand sales and line extensions of the brands. 'Printing Services' on the other hand refers to pre-press and printing activities for in-house brands and external customers. Pre-press activities refer to the work of compiling the magazines before they roll off the printing presses.

As previously indicated, only consolidated figures are published. In addition, in the segment reporting everything will be published up to the gross margin as there is a strong interrelation between the two new segments, and supporting services are extensively shared. A change in the allocation of these costs means a significant fluctuation in EBITDA, such that reporting may not be consistent.

30/06/19 in thousands of euros	Media Brands	Printing Services	Total	Inter-segment elimination	Consolidated total
Sales of the segment	**129,185**	**40,011**	**169,196**	**-21,247**	**147,949**
Sales to external customers	*128,576*	*19,373*	*147,949*		*147,949*
Sales from transactions with other segments	*609*	*20,638*	*21,247*	*-21,247*	
Gross margin (*)	**97,602**	**20,103**	**117,705**	**-1,181**	**116,524**
Not allocated result (**)					-112,661
Operating result after net finance costs					**3,863**

30/06/18 in thousands of euros	Media Brands	Printing Services	Total	Inter-segment elimination	Consolidated total
Sales of the segment	**108,170**	**38,196**	**146,366**	**-20,808**	**125,558**
Sales to external customers	*107,415*	*18,143*	*125,558*		*125,558*
Sales from transactions with other segments	*755*	*20,052*	*20,808*	*-20,808*	
Gross margin (*)	**78,231**	**20,865**	**99,096**	**-1,409**	**97,687**
Not allocated result (**)					-173,971
Operating result after net finance costs					**-76,284**

(*) Gross margin is revenue plus the fixed assets produced, less merchandise, raw materials and consumables.
(**) Services and other goods, personnel charges, other operating income/expenses, share in the result of associated companies and joint ventures, depreciations, impairments losses and provisions, financial income and expenses.

6.4 PENDING DISPUTES

Update of Note 26 of the Annual Report 2018:

With the acquisition of all shares of NV Coface Services Belgium (later on Euro DB) RMG inherited a pending legal dispute with InfoBase (for more information, we refer to Note 26 of the Annual Report 2018).
The arguments were put before the court on 27 June 2019. Since the pleadings could not be completed during the planned sitting, consideration of the case will continue on 21 November 2019.

In the context of a dispute regarding the use of the brand Deze Week, Roularta Media Group was ordered by the Commercial Court of Ghent, Kortrijk Division, on 23 October 2017, to cease using the title 'Deze Week' in the Kortrijk, Deerlijk, Harelbeke, Kuurne and Zwevegem region, subject to a penalty of €1K per infringement. Roularta Media Group has appealed this judgement. In a judgement of the Ghent Court of Appeal pronounced on 10 December 2018, the appeal was declared admissible but unfounded.

In the meantime, on the basis of alleged breaches of the strike ban, the counterparty has begun serving notice of the incurred penalty payments. In a decision of the attachment court, Roularta Media Group was ordered to pay an amount of € 223K in penalty payments. This amount was fully placed on deposit by Roularta Media Group with the deposit fund (Deposit and Consignment Office). Roularta Media Group has appealed the decision of the attachment court. The Court of Appeal in Ghent confirmed the contested verdict in its ruling, however.

In parallel to the higher appeal lodged, Roularta Media Group started up another procedure on the merits of the case for the court, in application of article 1385 quinquies of the Legal Code. The Commercial Court of Ghent, Kortrijk division ruled in its verdict on 17 June 2019 that the claim was inadmissible. Roularta Media Group is appealing against this verdict. During the appeal procedure, a claim was also brought to explain the earlier verdict in application of article 798 of the Legal Code.

There are no material changes to the other pending disputes as described in Note 26 of the Annual Report 2018.

6.5 MAIN CHANGES IN (IN)TANGIBLE FIXED ASSETS AND GOODWILL

In the first half of 2019 the Group invested € 2.8 million in intangible and tangible assets (first half of 2018: € 36.3 million, of which € 33.3 million related to the acquisition of the purchased 'Women Brands' from Sanoma). The investments in intangible assets concern software (€ 1.4 million). The investments in tangible fixed assets include investments in installations, machinery and equipment (€ 0.5 million), vehicles and fixed assets under construction (€ 0.8 million) and buildings (€ 0.1 million).

6.6 ISSUED CAPITAL

There were no changes in the capital in the first semester of 2019.

6.7 TREASURY SHARES

The statutory authorisation to purchase own company shares, renewed at the annual meeting of 16 May 2017, was not used. In the first semester of 2019 3,500 own shares were granted to the holders of options at the moment of the exercise of their options.

6.8 SHARE OPTIONS

In the first semester of 2019, a new share option plan was offered to employees. The employees subscribed for 102,250 share options Roularta. The exercise price amounts to € 14.39 and the options can be exercised between 31/12/2023 and 31/12/2029.

In the first semester of 2019, the Group recognised € 21K (30/06/2018: € 51K) as personnel costs relating to equity-settled share-based payment transactions.

6.9 PROVISIONS

No important changes have occurred as compared to 31/12/2018.

6.10 FINANCIAL DEBTS (NON-CURRENT AND CURRENT)

As a result of applying IFRS 16, these debts have increased by € 4.6 million. See 6.2 Valuation rules.

During the first half of 2019, no new long-term bank loans were concluded.

6.11 EMPLOYEE BENEFITS (LONG-TERM AND SHORT-TERM)

No important changes have occurred as compared to 31/12/2018.

6.12 FAIR VALUE OF THE FINANCIAL INSTRUMENTS

For financial instruments, the fair value approximates the carrying value.

6.13 CURRENT LIABILITIES: TRADE PAYABLES

The decrease in trade payables from € 52.8 million at year-end 2018 to € 42.0 million on 30/06/2019 mainly relates to the remaining balance paid to Sanoma (€ 7.9 million) as a result of the acquisition of the net assets of Sanoma at the end of June 2018.

6.14 CURRENT LIABILITIES: PREPAYMENTS RECEIVED

No important changes have occurred as compared to 31/12/2018.

6.15 CURRENT LIABILITIES: OTHER PAYABLES

No important changes have occurred as compared to 31/12/2018.

The other liabilities include VAT, payroll tax, and various other taxes payable and liabilities to joint ventures.

6.16 DIVIDENDS

Please refer to '3. Consolidated balance' in the interim report by the board of directors for more information.

6.17 RESULTS

Sales – from continuing operations

Sales increased 17.8% compared to the first half of 2018. Adjusted revenue (excluding changes in the scope of consolidation) decreased by 6.3%.
For a discussion of this development we refer to the press release on the half-year results and the interim report of the board of directors that is included at the beginning of this interim financial report.

Raw materials, consumables and goods for resale – from continuing operations

These costs increased by € 3.8 million compared to the first half of 2018.

Roularta Media Group's purchases of raw materials have increased by € 1.8 million. This increase is mainly due to the extra costs of paper for the additional printing of the Women Brands acquired.

The purchases of trade goods have increased by € 1.0 million, of which € 0.7 million due to the acquisition of the Women Brands and an additional € 0.3 million in extra costs incurred for line extensions.

The costs of subcontracting and purchasing studies have risen by € 1 million. This increase is almost entirely due to the acquisition of the Women Brands, for which extra external printing is required.

Services and other goods – from continuing operations

The services and other goods amount to € 56.5 million (2018: € 49.6 million).

in thousands of euros	30/06/19	30/06/18
Transport and distribution costs	10,184	8,854
Marketing and promotion costs	12,711	9,346
Commission fees	3,673	2,731
Professional fees	19,133	14,628
Rent (operating lease) and rental expenditures	794	5,162
Energy	976	1,071
Subcontractors and other deliveries	5,413	5,104
Remuneration members of the board of directors	188	199
Temporary workers	1,966	1,395
Travel and reception costs	849	641
Insurances	249	266
Other services and other goods	353	248
Total services and other goods	**56,489**	**49,645**

The general increases in the various categories of 'services and other goods' are mainly due to the acquisition of the Women Brands that have been part of the Group since 30 June 2018.

The increase in costs for commission fees and professional fees (€ 0.9 million and € 4.5 million respectively) are entirely attributable to the Women Brands. The professional fees include fees for editors, photographs and general fees.

The transport and distribution costs have risen by € 1.3 million. This increase is also mainly due to the Women Brands.

The decrease of € 4.4 million in leasing costs is due to the cancellation of the lease contract with Econocom (€ 3.9 million) and the impact of IFRS 16 (€ 0.6 million). See 6.2 Valuation rules.

Personnel – from continuing operations

Personnel charges increased by € 2.6 million compared to the first half of 2018. This increase is mainly due to the acquired personnel for the Women Brands.

Other operating income and expenses – from continuing operations

There was a net decrease of € 1.6 million compared to June 2018 due to a decrease of € 0.5 million in other operating income and a decrease of € 2.0 million in other operating expenses.

Other operating income includes the operating subsidies, the capital gain on the disposal of tangible and financial assets, government grants and miscellaneous cross-charges.
In the first half of 2018, the other operating income generated a one-off capital gain of € 0.4 million.

Other operating expenses include other taxes, the loss on the disposal of (in)tangible fixed assets, losses on trade receivables, payment differences and bank charges. The 'other operating expenses' in the first half of 2018 include the definitive cost of a bankruptcy from 2011 of € 1.0 million and the Econocom leasing costs for a halted printing press of € 0.7 million. Both the cost of the bankruptcy and the Econocom leasing cost were provided for in the past (under the write-down of trade receivables and other provisions), such that these costs were neutral in 2018 in terms of profit and loss.

Share in the result of associated companies and joint ventures – from continuing operations

in thousands of euros	30/06/19	30/06/18
Bayard Group	375	-4,438
Mediafin	1,006	1,382
Other	-254	-808
	1,127	**-3,864**

Last year Mediafin was in the half-year figures for four months as it was acquired on 01/03/2018.

Within the Bayard Group, last year's result shows a loss mainly due to the impairment of a number of brands within these companies (see below under 'Impairment losses').

Depreciation – from continuing operations

The depreciation amounts to € 6.5 million and is higher than last year (€ 5.5 million) due to the application of IFRS 16 and the depreciation on the Sanoma brands that were not yet visible in the first half of 2018. We refer to 6.2 Valuation rules for more information about the impact of IFRS 16.

Impairment losses – from continuing operations

No impairments were recorded in the first half of 2019.

Last year, the cash-generating units were changed due to the change of segments and the view on the management of media brands. As a result, the board of directors of Roularta Media Group decided to effect a significant impairment. On the net carrying amount of the intangible fixed assets of € 198 million on 30/06/2018 (€ 80.5 million of which was included in the balance sheet of joint ventures), additional impairment losses of € 69.2 million were booked, of which € 63.2 million on Roularta Media Group NV and subsidiaries (below EBITDA) and € 6.0 million on joint ventures (including neutralisation of deferred taxes, the impact on EBITDA was € 4.7 million). The impairment had no cash consequences. In addition, it was also decided that no brand will continue to have an unlimited lifetime.

Financial income and expenses – from continuing operations

in thousands of euros	30/06/19	30/06/18
Financial income:	**81**	**175**
- interest income	81	175
Financial costs:	**-116**	**-3,325**
interest expense	-116	-3,325

Due to the early repayment of several loans last year and the repayment in full of the € 100 million bond loan in October 2018, interest costs fell significantly in the first half of 2019. Last year also included a termination fee for loans repaid early. From 2019 onwards, the interest costs also include the burden of interest due to the application of IFRS 16.

6.18 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

The effective tax rate is influenced by a number of factors which affect the tax base. The company Roularta Media Group NV has tax loss carryforwards. Deferred tax assets at the end of the first half of 2019 were held equal to the position at the end of December 2018.

6.19 RELATED PARTIES

The related parties of Roularta Media Group NV consist of subsidiaries, joint ventures, associated companies, other related parties and key management personnel (including directors). The composition of the related parties, and nature of the transactions and the outstanding balances have not changed significantly from those reported in the financial statements at 31 December 2018.

6.20 DISCONTINUED OPERATIONS

There were no discontinued operations in the first half of 2019. For the half-year results of 2018, the discontinued operations mainly related to Medialaan.

6.21 CHANGES IN THE CONSOLIDATED GROUP

There are no important changes in the Group as compared to 31/12/2018.

6.22 KEY EVENTS AFTER BALANCE SHEET CLOSING DATE

No significant events occurred that significantly influence the results and financial position of the company.

6.23 SEASONAL FEATURES

The half-year results show limited seasonal fluctuations. In the first half of the year, lower revenue is usually generated in the months of January and February, and in the second half of the year, in July and August less revenue and consequently a less positive result is generated. The acquisition of the Women Brands caused in 2018 an important shift in sales to the fourth quarter. At the end of this year we will be able to determine whether this is a structural fact.

7. MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING MONTHS OF THE FINANCIAL YEAR

For the main risks and uncertainties, please refer to the Annual Report 2018 (Annual Report of the Board of Directors) where these are discussed on pages 38 and 39. There are no material changes in risks or uncertainties to report in this half-yearly report.

8. DECLARATION CONCERNING THE INFORMATION GIVEN IN THIS HALF-YEARLY FINANCIAL REPORT

The undersigned declare that, to the best of their knowledge,

- the abbreviated financial overviews, which have been drawn up in accordance with the applicable standards for annual financial statements, give a true and fair view of the net assets, the financial situation and the results of Roularta Media Group and of the companies included in the consolidation;
- the interim financial report presents a true and fair view of the key events and principal transactions with affiliated parties during the first six months of the current financial year and of their impact on the abbreviated financial overviews, as well as a description of the principal risks and uncertainties during the remaining months of the financial year.

Rik De Nolf, Chairman of the Board of Directors
Xavier Bouckaert, CEO
Jeroen Mouton, CFO